FDIC
FEDERAL DEPOSIT INSURANCE CORPORATION

NEWS RELEASE

FOR IMMEDIATE RELEASE PR-113-93 (9-20-93)

USING CROSS GUARANTY ASSESSMENT, FDIC RECOVERS $1.3 MILLION

The FDIC has recovered $1.3 million from a Texas bank after invoking the cross-guaranty provisions of the Federal Deposit Insurance Act, marking the first time the FDIC has successfully used the authority to recover its losses in full without causing the paying bank's failure.

Bank of Kerrville, Texas, paid the $1.3 million in July, following a notice of assessment from the FDIC's Board of Directors for the agency's anticipated loss due to the failure of Texas Premier Bank of Victoria, Texas. Texas Premier Bank of Victoria, which failed June 13, 1991, and Bank of Kerrville were both subsidiaries of Premier Bancshares, Inc., Kerrville.

Bank of Kerrville subsequently merged with First National Bank of Kerrville, and the merged institution remains a viable part of the Kerrville banking community.

The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 amended the FDI Act to give the FDIC authority to assess bank subsidiaries of holding companies for losses to the Bank Insurance Fund from the failure of other banks owned by the same holding company. Prominent examples of the prior use of this authority are the former Texas American Bancshares, Inc., Houston; MCorp, Dallas; Bank of New England Corporation, Boston; Southeast Bancorp, Miami; and First City Bancorporation, Dallas.

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